

22 December 1988

NOTE FOR: DDCI  
FROM: EA/DCI - EA/DDCI  
SUBJECT: Late Items for State Meeting

TAB 1

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TAB 2 USSR/Japan: Evaluating Shevardnadze's Visit to Japan.  
The Deputy Secretary may ask you how CIA evaluates the impact of Shevardnadze's trip to Tokyo. DI analysts believe the visit met minimum expectations on both sides by at least helping to improve the atmosphere surrounding Soviet/Japanese relations. No major substantive issues, however, were resolved and in particular the Japanese apparently did not even offer minor economic concessions--Soviet officials had earlier indicated Gorbachev would only visit Tokyo if breakthroughs on the economic relationship were likely. On the positive side, working groups were established to discuss the Northern Islands and other topics. Attached are talking points that expand on this subject.

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TAB 3    Update on Pan Am 103 Incident.    As yet, we have no forensic evidence to confirm the cause of the airliner crash. CTC analysts do not rule out sabotage and eyewitness accounts of the plane's descent, as well as the scattering of debris over a large area, indicate the plane broke up in the air. Several groups have claimed credit for the incident. CTC analysts believe the claim of the Guardians of the Islamic Revolution is the most credible. This is a pro-Iranian group which has taken credit for several terrorist incidents in the past, including the hijacking of an Air France flight in 1984. On 5 December, an Arab-speaking caller notified the U.S. Embassy in Helsinki that a bombing would be attempted against a Pan Am flight out of Frankfurt. Attached is the latest CTC update on the plane crash.

TAB 4    Counterintelligence Arrest: James Hall.    Yesterday the FBI and INSCOM arrested James Hall, the Army Warrant Officer stationed at Fort Stewart, Georgia. [REDACTED]

[REDACTED]

Hall was a SIGINT officer and undoubtedly passed a variety of SIGINT-related information to the East Germans. Attached are talking points that provide additional details on this case, as well as Hall's resume.

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### Shevardnadze's Visit to Japan

Soviet Foreign Minister Shevardnadze's trip to Tokyo this week probably met the minimum expectations on both sides--an improved atmosphere despite continued substantive differences. Press and Embassy reporting describes a pragmatic dialogue, even when hammering out references in the joint communique to the perennially controversial issue of the disputed Northern Territories.

Moscow wants to use foreign ministerial and working-level meetings over the next year--billed as preparations for an as yet unscheduled Gorbachev-Takeshita summit--to keep alive a sense of momentum. The Soviets obviously hope the impetus from an improved atmosphere will eventually translate into expanded economic ties.

--Soviet officials, in fact, said Gorbachev would visit Tokyo only if there were breakthroughs in the economic relationship. An investment treaty, a long-term economic pact, or agreements on S&T cooperation fall into this category.

At this point, the Japanese, in our view, are unlikely to take the bait.

--Prime Minister Takeshita wants to resume a political dialogue--even inveterately hardline Soviet watchers in the Foreign Ministry are counseling this course. But the private sector is lukewarm about business prospects and is not pushing Tokyo hard to improve the atmosphere.

--For their part, Japanese officials expressed disappointment at the communique. They wanted an explicit reference to the territorial dispute; the Soviets stuck to previous formulations implying vague "bilateral differences."

Tokyo's unwillingness to offer even the minor economic concessions hinted at before the visit suggests that the Japanese will keep their hole card until Moscow confronts the territorial problem.

--Establishment of working-level groups to discuss the northern islands and other topics is a new departure. The step gives something to each side: Moscow can point to its "flexibility" in proposing to talk, while Tokyo has a forum in which to hammer on the territorial dispute.

It is too early to gauge whether Shevardnadze's pitches on arms control and Asian-Pacific security captured the Japanese public's fancy. Foreign Ministry and other officials worry that his appeal could fuel trends in Japanese opinion against even gradual hikes in defense spending. This concern, in our view, will preoccupy Japanese policymakers, suggesting they will press Washington to work together to identify imaginative ways to deal with the Soviets.

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### PAN AM 103: Analysis of Claims

We have received no forensic evidence to confirm the cause of the crash of Pan American Airlines Flight 103 yesterday; we do not rule out the possibility that a bomb was behind the crash.

Several groups have claimed responsibility for the incident in telephone calls in the United States and Europe:

- o A male caller claimed that a group called the Guardians of the Islamic Revolution had destroyed the plane in retaliation for the US shootdown of an Iranian airliner last July.
- o A caller claiming to represent the Islamic Jihad organization told ABC News in New York that the group had planted the bomb to commemorate Christmas.
- o The Ulster Defense League allegedly issued a telephonic claim.
- o Another anonymous caller claimed the plane had been downed by Mossad, the Israeli intelligence service.

We consider the claim from the Guardians of the Islamic Revolution as the most credible one received so far; previous attacks claimed by this group suggest it is pro-Iranian:

- o Persons using this name have taken credit for the hijacking of an Air France flight from Frankfurt, West Germany in 1984; in that incident, an anonymous caller demanded that France release five persons imprisoned for attempting to kill former Iranian Prime Minister Bakhtiar in 1980. The group had taken credit for the assassination attempt as well.
- o The Guardians of the Islamic Revolution claimed responsibility for an assassination attempt against a former Cabinet Minister of the Shah in London on 18 July 1987.
- o In April 1988, the Guardians of Islam took credit for the bombing of a vehicle belonging to a German businessman employed with a firm involved in transfer of missile technology. The anonymous caller accused the businessman of providing missiles to Iraq, then at war with Iran.

An anonymous caller told a US diplomatic facility in Europe on 5 December that a bombing attempt would be made against a Pan American aircraft flying from Frankfurt, West Germany to the United States. The Federal Aviation Administration was notified of the threat and security for Pan Am flights out of Frankfurt was enhanced.

We cannot assign responsibility for this tragedy to any terrorist group at this time. We anticipate that, as often happens, many groups will seek to claim credit.

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